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Supplementary Information to the Alberta  
Brief to the Royal Commission on 1



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SUPPLEMENTARY INFORMATION



TO THE

ALBERTA BRIEF TO THE

ROYAL COMMISSION

ON THE

COAL INDUSTRY OF CANADA.



Leases, Royalties and Taxation

Lands patented, sold or disposed of for valuable consideration by the Dominion Government prior to October 31st, 1887, conveyed the surface and all minerals excepting gold and silver.

As early as the year 1883, coal rights were sold outright at prices ranging from \$7.00 to \$10.00 an acre on coal other than anthracite, and for \$20.00 an acre on anthracite, and it was not until February 6th, 1901, that regulations were introduced reserving royalty to the Crown, which became effective on April 6th, 1901.

The practice of selling coal rights continued until May 4th, 1907, but all sales following April 6th, 1901, were subject to royalty which on May 31st, 1901, was established at the rate of 10 cents a ton and later reduced to 7 cents a ton on merchantable coal mined following January 1st, 1915.

The sale of coal rights was discontinued on March 4th, 1907, and from then to the transfer of the natural resources to the Province on October 1st, 1930, coal rights were disposed of by lease at a yearly rental of \$1.00 an acre and royalty of 5 cents a ton.

Under the administration of the Province there is no provision for selling coal rights, and disposal is made by lease for a yearly rental of \$1.00 an acre and a royalty at such rate as may from time to time be prescribed by the Lieutenant Governor in Council, and at present the royalty payable is 5 cents a ton.

During the administration of the natural resources by the Dominion Government, approximately sixteen million acres of coal rights were patented and nearly 99% of such disposal was not subject to the payment of royalty to the Crown, as shown in Table 1.



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TABLE 1

VARIOUS GRANTS CONVEYING COAL RIGHTS IN  
ALBERTA BY DOMINION GOVERNMENT

<u>NATURE OF GRANT</u>	<u>ACREAGE</u>	
	<u>No Royalty</u>	<u>Subject to Royalty</u>
Subsidies to Railways	13,031,731.00	
Subsidy to Hudson's Bay Company	2,404,000.00	
Coal Lands Sales, Mining Lands Sales and Mineral Sales	46,724.44	189,201.99
Unpatented Mineral Sales		370.40
Patented after September 1, 1905		
Homesteads	3,007.46	
Special Grants	21,165.73	
Right of Way and Station Grounds	44.79	
Pre-emptions	2,190.52	
Small Lands Sales of Various Kinds	5,817.08	
Military Homesteads, Military Bounty Grants and North West Mounted Police Grants	647.00	
School Lands Sales	151.01	
Homesteads, etc., patented before September 1, 1905, approximately	250,000.00	
	15,765,479.03	189,572.39
TOTAL - 15,955,051.42 acres		



Consequently, there is considerable coal mined in the Province that is not subject to Crown royalty (Table 2). It might be remarked that leases of freehold coal require the operator to pay royalty at varying rates, ranging up to 50 cents a ton.

TABLE 2

Production of Coal for the Year 1943  
Showing the Tonnage and Percentage  
Subject to Crown Royalty

<u>Fields</u>	<u>Tons Mined</u>	<u>No Royalty</u>	<u>Subject to Royalty</u>	<u>Percentage Subject to Royalty</u>
Bituminous	3,469,993	1,005,427	2,464,566	71.0%
Sub-Bituminous	791,952	12,253	779,699	98.5%
Domestic	3,416,037	1,743,998	1,672,039	48.9%
Totals	7,677,982	2,761,678	4,916,304	64.0%

Revenue from coal is derived from rentals and royalties on coal leases and from royalty on freehold rights granted subject to Crown royalty.



TABLE 3

Statement of Rentals and Royalties Collected by Provincial Government on Coal Mined on Crown Leases and Freehold Rights Subject to Royalty from October 1, 1930 to March 31, 1944.

<u>Fiscal Year</u>	<u>Rentals</u>	<u>Royalties</u>	<u>Total</u>
1930-31 (half year)	\$ 71,329.17	\$110,140.80	\$181,469.97
1931-32	138,203.32	151,524.42	289,727.74
1932-33	131,861.06	148,771.79	280,632.85
1933-34	126,440.91	203,047.95	329,488.86
1934-35	133,793.73	188,487.82	322,281.55
1935-36	123,139.96	206,470.99	329,610.95
1936-37	121,352.61	193,810.33	315,162.94
1937-38	119,808.71	173,386.26	293,194.97
1938-39	111,431.25	152,341.01	263,772.26
1939-40	116,187.52	176,615.53	292,803.05
1940-41	89,637.77	215,886.92	305,524.69
1941-42	84,830.31	239,627.78	324,458.09
1942-43	84,030.37	260,313.62	344,343.99
1943-44	93,360.86	259,323.95	352,684.81
Total	\$1,545,407.55	\$2,679,749.17	\$4,225,156.72



Privately owned coal rights and leases from the Crown were, to the close of 1944, subject to taxation by the Department of Municipal Affairs or municipal districts, as the case may be, but it is not possible to procure the tax collection figures.

The Mineral Taxation Act did not apply to coal until its re-enactment at the 1945 session of the legislature, and the rate of acreage tax for the current year is one cent an acre on freehold minerals but the mill rate upon the assessed value of minerals in producing areas has not been set for the year.





